

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1779 - HB 1919**

January 26, 2016

**SUMMARY OF BILL:** Updates Tennessee retirement law for public officers and employees including general provisions, membership, benefits, and financing and funding. Specifies that earnable compensation excludes compensation that exceeds the maximum allowable amount under the Internal Revenue Service (IRS) guidelines. Adds multiple definitions relative to the IRS and retirement. Specifies that sick leave conversion credit is only permissible under certain circumstances. Requires military service members' retirement be governed by IRS Code and the Uniformed Services Employment and Reemployment Act of 1994. Specifies that survivors of members who died in military service on or after January 1, 2007, are entitled to any additional benefits the deceased would have been entitled to. Adds language regarding vesting rights and forfeitures for members of the Tennessee Consolidated Retirement System (TCRS) hybrid plan. Authorizes the adoption of a group trust instrument for the purpose of pooling funds for investment purposes. Specifies that TCRS will distribute a member's benefit by the later of April 1, following the calendar year in which a member attains the age of 70.5 years, or April 1 of the year in which the member terminates. Requires TCRS compliance with multiple IRS codes.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- According to the Tennessee Consolidated Retirement System (TCRS), this bill brings TCRS statutes into compliance with current Internal Revenue Service laws.
- There will be no impact to the operations of TCRS.
- According to TCRS, there will be no impact on benefits or funds in the pension fund managed by TCRS.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

**SB 1779 - HB 1919**

/jaw